

AMENDED IN SENATE APRIL 2, 2002

AMENDED IN ASSEMBLY MAY 31, 2001

AMENDED IN ASSEMBLY APRIL 17, 2001

AMENDED IN ASSEMBLY MARCH 13, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 7

Introduced by Assembly Member ~~Cardoza~~ Thomson

(Principal coauthors: Senators Johannessen and Monteith)

**(Coauthors: Assembly Members Florez, Matthews, Rod Pacheco,
Reyes, and Thomson)**

(Coauthor: Senator Costa)

December 4, 2000

An act to add and repeal Section 6356.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy. An act to add Chapter 3.6 (commencing with Section 7290) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as amended, ~~Cardoza~~ Thomson. ~~Sales and use taxes: farm equipment and machinery~~ Transactions and use tax: City of Davis.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy transactions and use taxes in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law.

This bill would additionally authorize the City of Davis, subject to the approval of $\frac{2}{3}$ or a majority of the voters voting on the issue at an

election, to levy a tax pursuant to the Transactions and Use Tax Law at a rate of 0.25% or 0.5%.

This bill would make legislative findings and declarations as to the necessity of a special statute.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would, on or after January 1, 2002, and before January 1, 2007, additionally exempt farm equipment and machinery, purchased for use by a qualified person, as defined, to be used primarily in producing and harvesting, from taxation under the Sales and Use Tax Law.

This bill would require the Legislative Analyst's Office to report to the Legislature in connection with the utilization of this exemption, as specified. This exemption would not apply to taxes imposed by local government entities, or to certain state tax rates allocated to local governments.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes—no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 6356.5 is added to the Revenue and~~
2 *SECTION 1. Chapter 3.6 (commencing with Section 7290) is*
3 *added to Part 1.7 of Division 2 of the Revenue and Taxation Code,*
4 *to read:*

5
6 *CHAPTER 3.6. DAVIS TRANSACTIONS AND USE TAX*
7

8 *7290. (a) Subject to subdivision (b), the City of Davis may*
9 *levy a transactions and use tax at a rate of 0.25 percent or 0.5*
10 *percent, if an ordinance proposing that tax is approved by a*
11 *two-thirds vote of all of the members of the city council and the tax*
12 *is approved by either a two-thirds or a majority vote of qualified*
13 *voters of the city voting in an election on the issue, as determined*
14 *by the ordinance proposing the tax and establishing how the*
15 *revenues derived from the tax shall be expended.*

1 (b) Any transactions and use tax imposed pursuant to this
2 section shall be levied in accordance with Part 1.6 (commencing
3 with Section 7251).

4 SEC. 2. The Legislature finds and declares that a special law
5 is necessary and that a general law cannot be made applicable
6 within the meaning of Section 16 of Article IV of the California
7 Constitution because of the uniquely difficult fiscal pressures
8 being experienced by the City of Davis in providing essential
9 services and funding for city programs and operations.

10 Taxation Code, to read:

11 6356.5. (a) On or after January 1, 2002, and before January
12 1, 2007, there are exempted from the taxes imposed by this part the
13 gross receipts from the sale of, and the storage and use of, or other
14 consumption in this state of, farm equipment and machinery, and
15 the parts thereof, purchased for use by a qualified person to be used
16 primarily in producing and harvesting agricultural products.

17 (b) For purposes of this section, both of the following shall
18 apply:

19 (1) "Qualified person" means any person that is engaged in a
20 line of business described in Codes 0111 to 0291, inclusive, of the
21 Standard Industrial Classification Manual published by the United
22 States Office of Management and Budget, 1987 Edition, and any
23 other person that uses farm equipment and machinery to assist this
24 person in the lines of business described in this paragraph in
25 producing and harvesting agricultural products.

26 (2) "Farm equipment and machinery" means implements of
27 husbandry, as defined in Section 411.

28 (c) (1) Notwithstanding any provision of the Bradley Burns
29 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
30 with Section 7200)) or the Transactions and Use Tax Law (Part 1.6
31 (commencing with Section 7251)), the exemption established by
32 this section does not apply with respect to any tax levied by a
33 county, city, or district pursuant to, or in accordance with, either
34 of those laws.

35 (2) Notwithstanding subdivision (a), the exemption
36 established by this section does not apply with respect to any tax
37 levied pursuant to Sections 6051.2 and 6201.2, or pursuant to
38 Section 35 of Article XIII of the California Constitution.

39 (d) This section shall remain in effect only until January 1,
40 2007, and as of that date is repealed.

~~SEC. 2. To the extent data is available, the Legislative Analyst's Office shall report to the Legislature no later than three years after the exemption authorized by this act becomes operative. The report shall contain available information regarding utilization of the exemption and, if sufficient data is available, shall do all of the following:~~

~~(a) Discuss whether the exemption has had a noticeable economic impact on the agricultural sector in California.~~

~~(b) Recommend whether or not the repeal date for the exemption should be extended.~~

~~(c) Recommend any modifications to the exemption that might help further the Legislature's intent of providing sales and use tax relief to the agricultural sector in California.~~

~~SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, the provisions of this act shall become operative on the first day of the first calendar quarter commencing more than 90 days after the effective date of this act.~~